Microsoft

Credit Card insights

September 2020

Microsoft Advertising. Intelligent connections.

Summary of findings

Despite numerous external factors impacting the credit cards industry in Australia, activity on our marketplace are showing signs of recovery as we approach the Holiday season

Interest for point reward programs remain for our users, despite the immediate restrictions on air travel. Query volumes focusing around low cost credit cards are also rising.

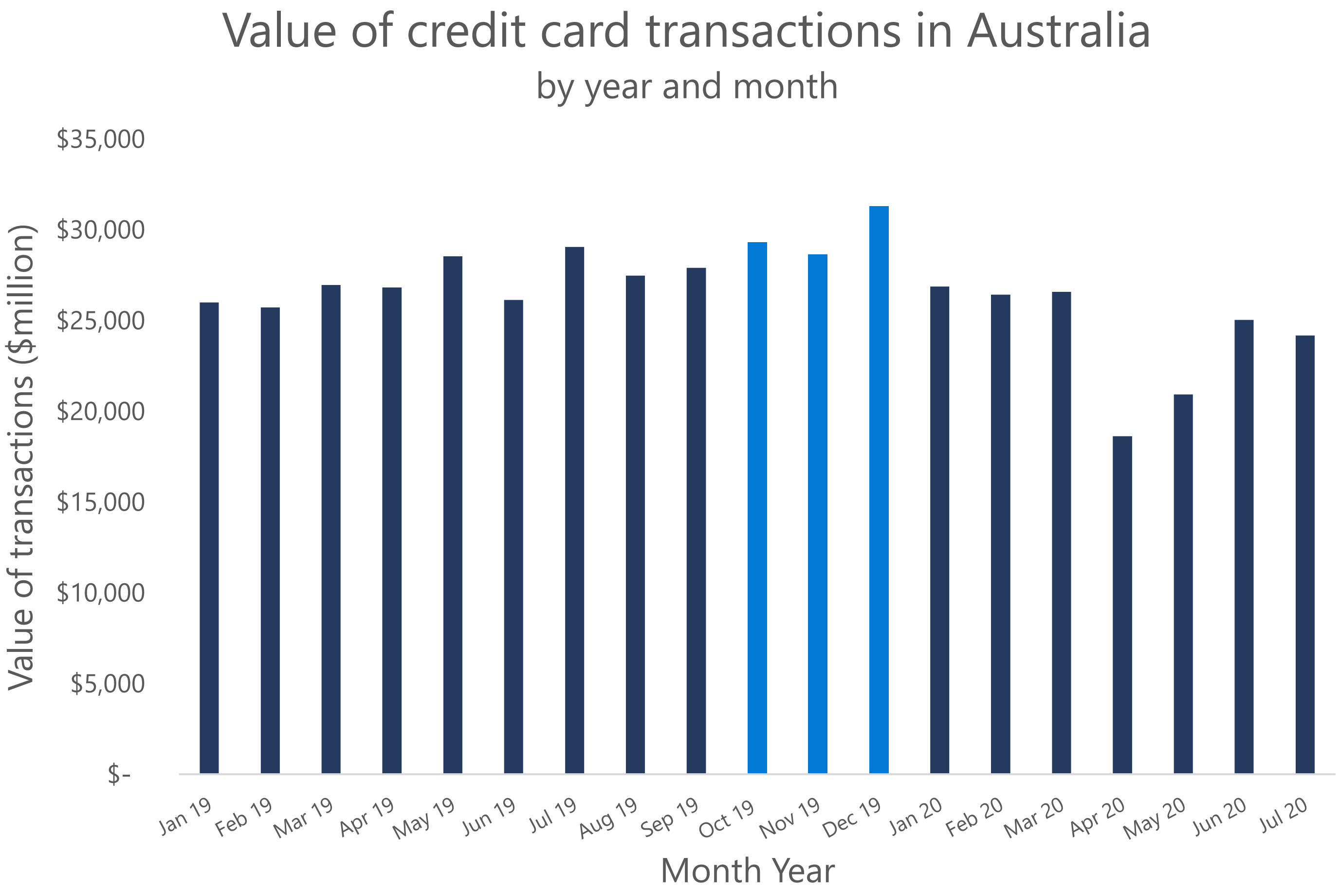
Users researching within the Microsoft Search Network make decisions fast, highlighting the importance of maintaining high presence in the auction

Given disruptions to the Australian Credit Card industry, we can observe a gradual recovery in spending habits

1. There has been a huge reduction in amount of personal debt, down 16% on an annualized basis, with Credit Card debt down 8%[1]

2. Existence of Buy Now Pay Later (BNPL) models is shifting consumer behaviours. The impact would be quite low, however, given the difference in volume of sales and transactions and is skewed towards consumers under 30.[2]

3. The value of credit card transactions in Australia have shown strong recovery since the month of April and looks on track to rise into the Christmas spending season, given the historical seasonality of months October to December[3]



1. SMH, "COVID killing credit cards and cheques as cash hangs on". Sep 7, 2020.
2. AFR, "Afterpay shows Millennials the new force in markets". Jan 18, 2019.
3. RBA payments data, C1: Credit and Charge Cards – Seasonally Adjusted Series updated till July 2020.

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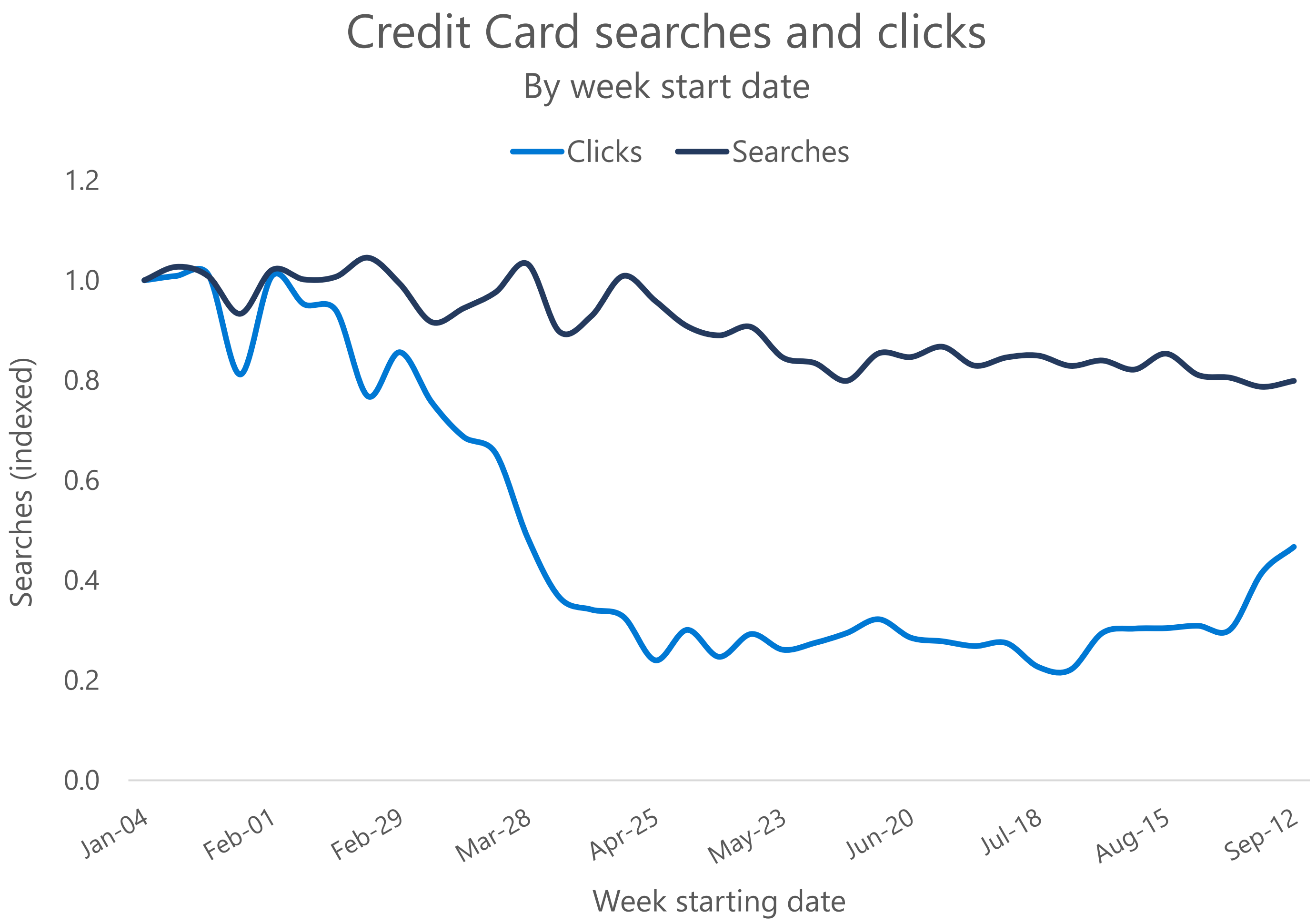
MARKETPLACE TRENDS

While searches have remained steady throughout lockdown, click volumes have begun recovery



Key observations

1. Searches within the Microsoft Search Network have remained relatively steady throughout the period, despite external disruptions such as rising unemployment, buy now pay later models, reduced spending habits due to lockdown[1]
2. Click volumes have recently shown healthy recovery growing +84% over 8 weeks from July 25th through September 12th

1. SMH, "COVID killing credit cards and cheques as cash hangs on. Sep 7, 2020.

Data Source: Microsoft internal data | Credit Cards | Jan – Sep 2020 | Searches and Clicks | All Devices | O&O Core

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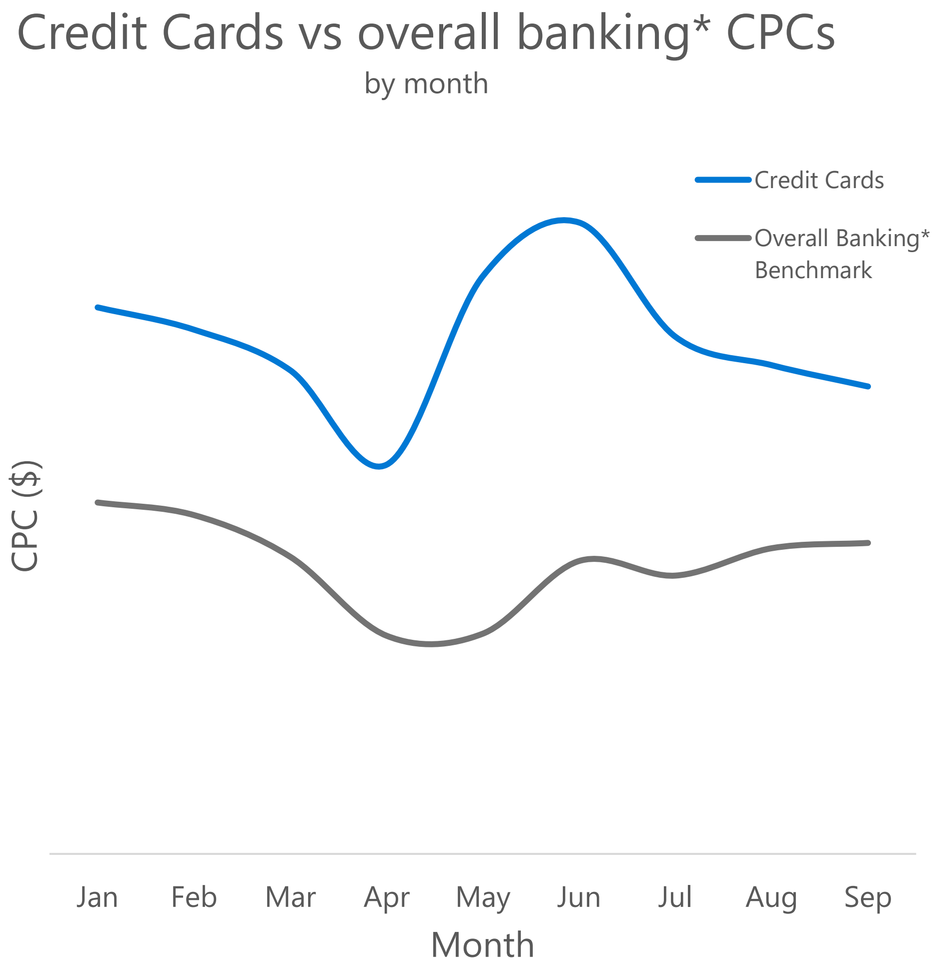
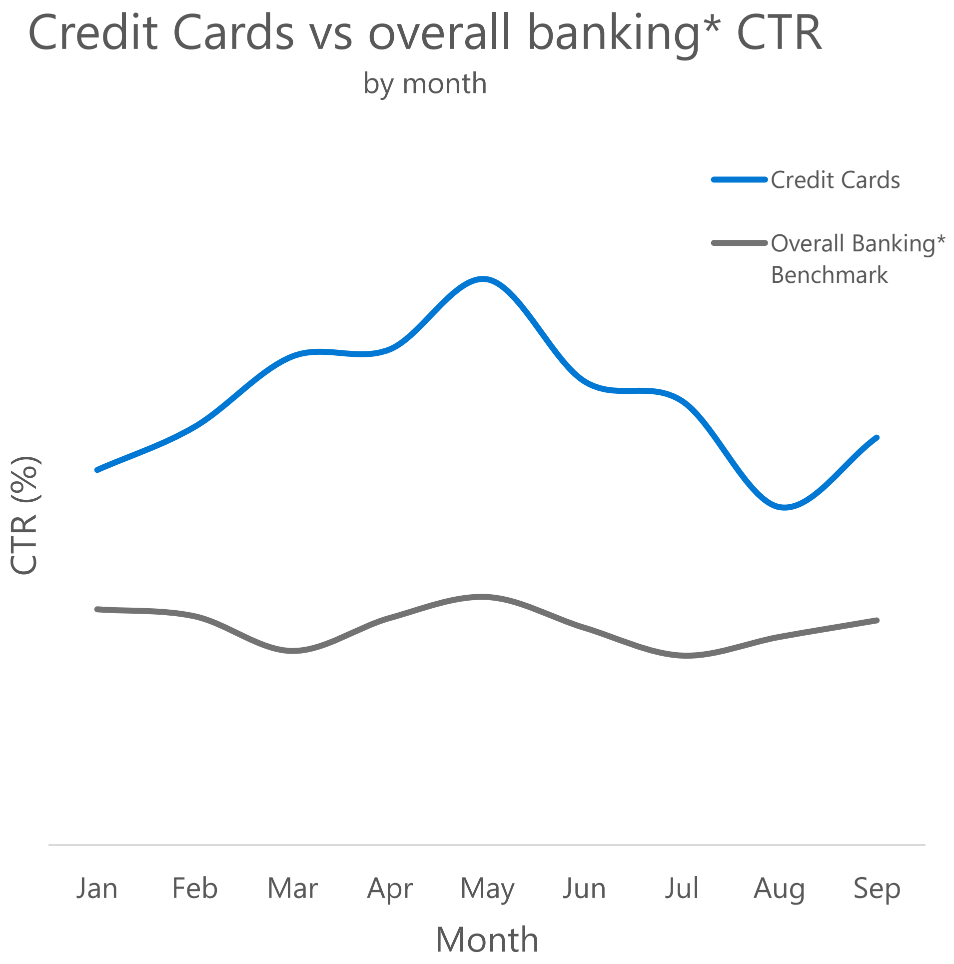
MARKETPLACE TRENDS

Low cost per clicks (CPCs) year-to-date coupled with a high click through rate (CTR) marks potential for increased return on investment

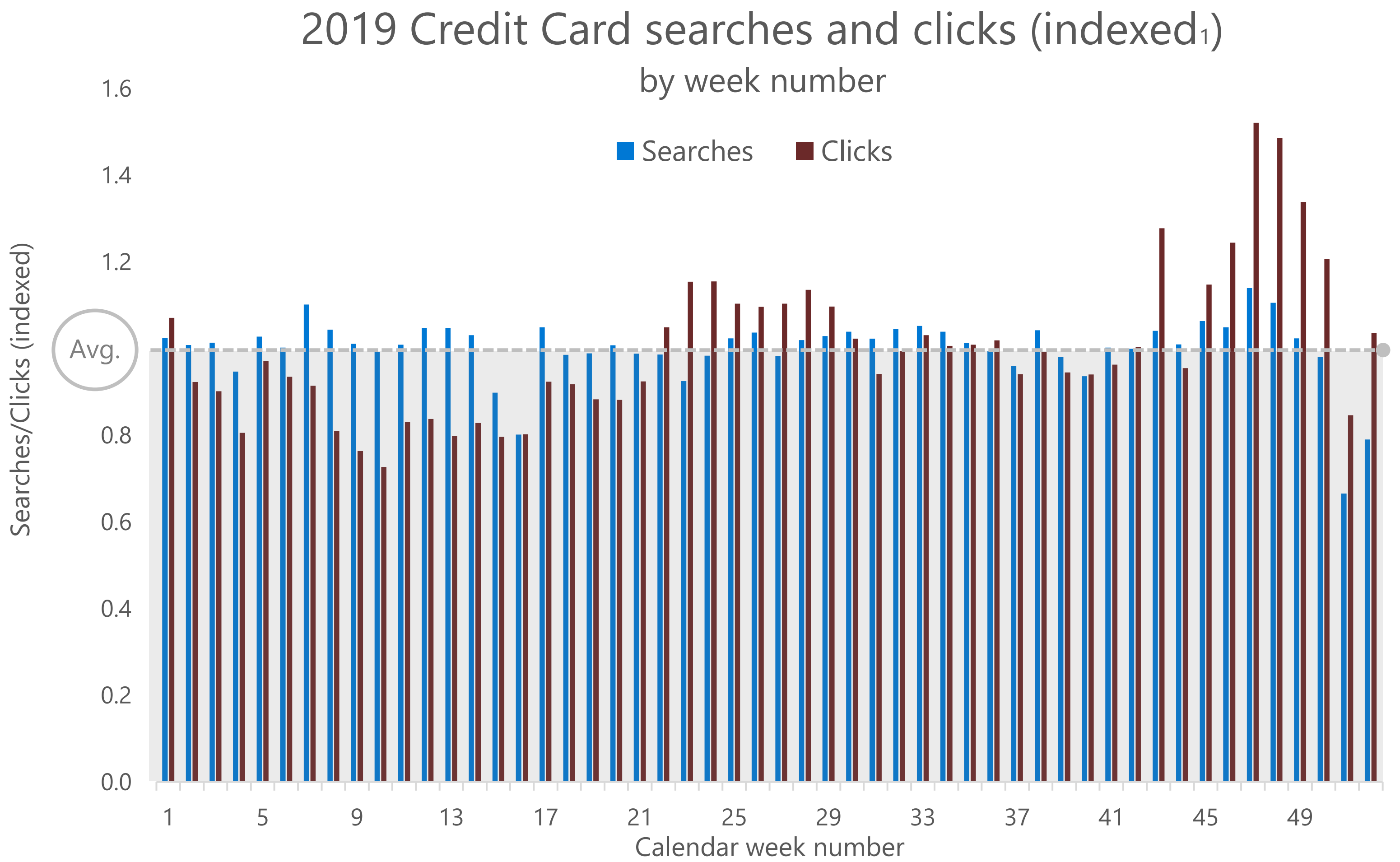




*Overall banking refers to the categories within our Microsoft Search Network including Loans, Banking Services, Financial Planning Services, Credit Cards, Debit Cards, Bank Accounts, etc and excludes the Insurance categories.
Data Source: Microsoft internal data | Credit Cards | Jan – Sep 2020 | CPC and CTR | All Devices | O&O Core

MARKETPLACE TRENDS

The heightened level of activity in the weeks approaching Christmas highlights key opportunities for brands to capture customer intent



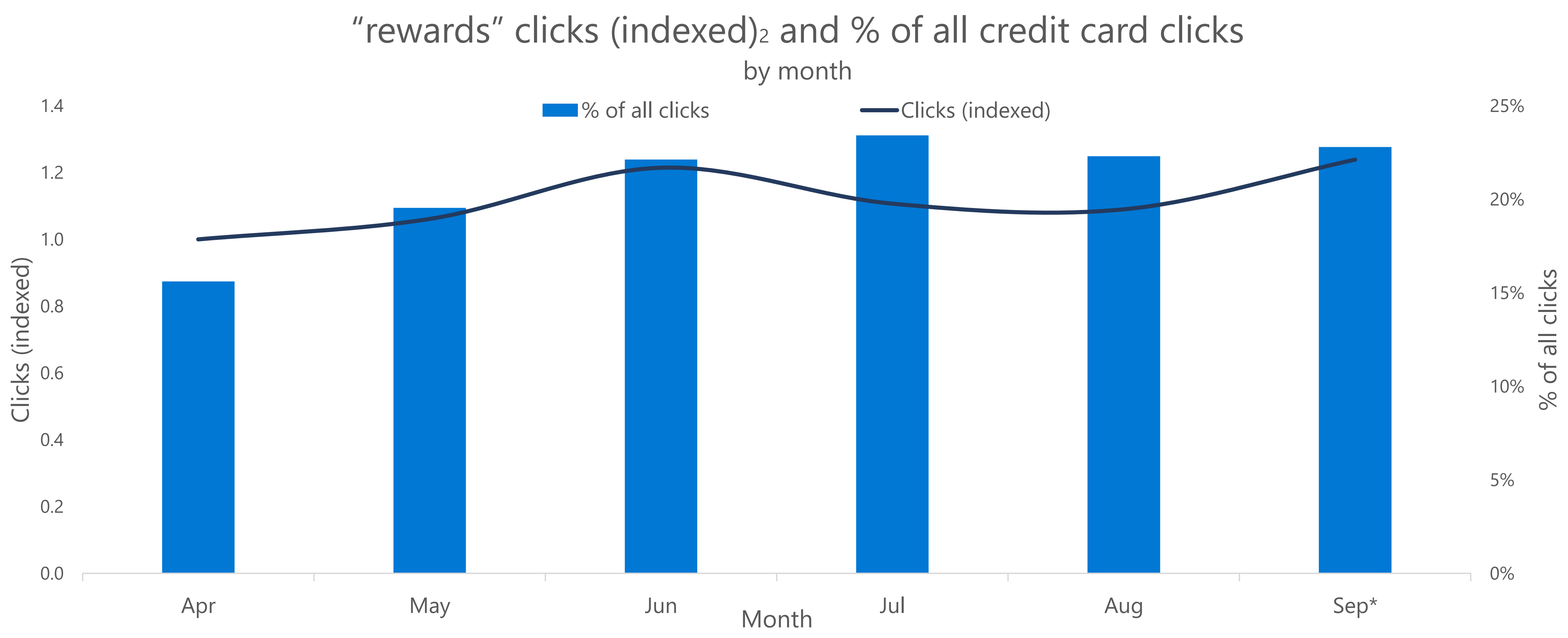
November is fast approaching and historically searches and clicks begin to pick up with clicks peaking at **~50%** higher than the year-round weekly average

Go-do: Ensure adequate investment to take advantage of this high-volume period, as users research to find the most value amongst the various offerings

1. Searches and clicks individually indexed to their year-round weekly average and placed on the same axis.
Data Source: Microsoft internal data | Health Insurance | Feb – Aug 2020 | Search volume | All Devices | O&O Core

QUERY TRENDS

Despite the current restrictions on flights within Australia, our users have maintained steady growth in interest towards "rewards"



1. "Rewards" refers to queries containing "reward/s", "point/s", "redeem", "program", "frequent flyer", "ff", "qff", "qantas", "velocity", "virgin", etc.
2. Clicks indexed to volumes in April.
*Remaining September volumes were forecasted based on current September performance.
Data Source: Microsoft internal data | Credit Cards | Apr – Sep 2020 | Search volume | All Devices | O&O Core

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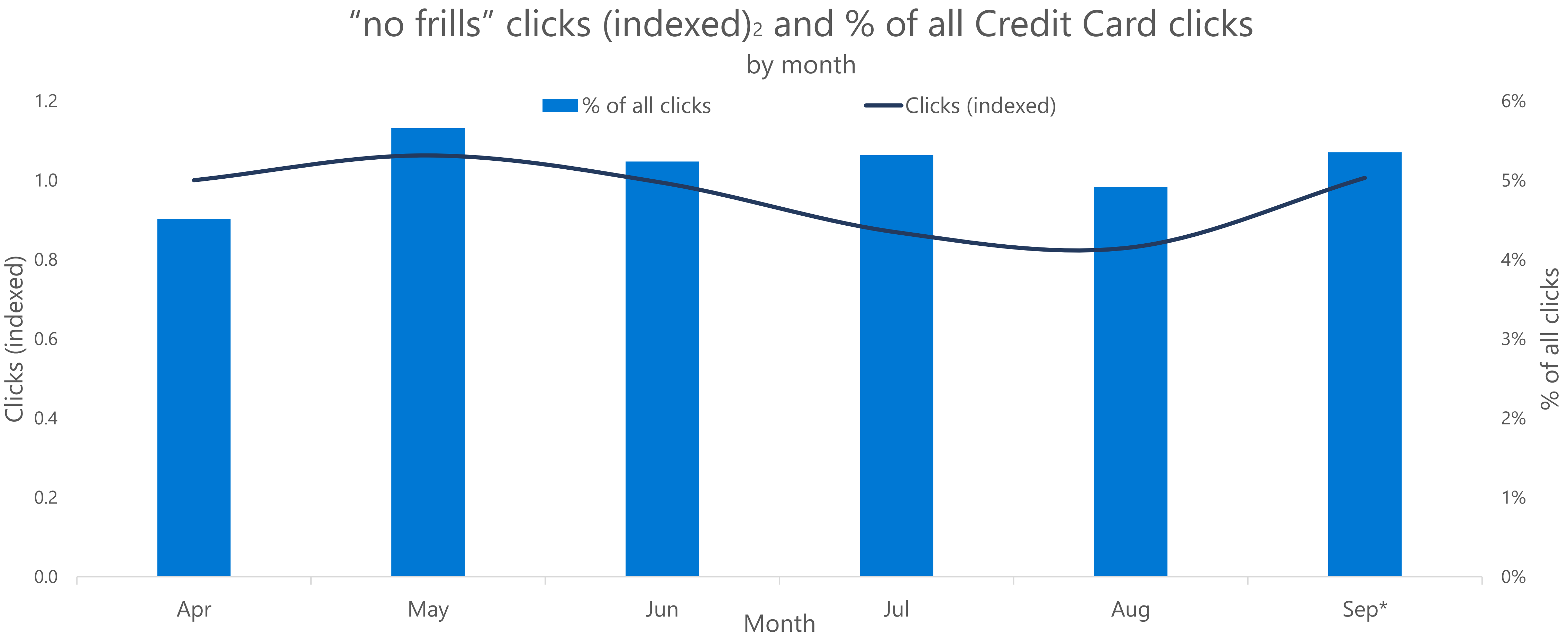
QUERY TRENDS

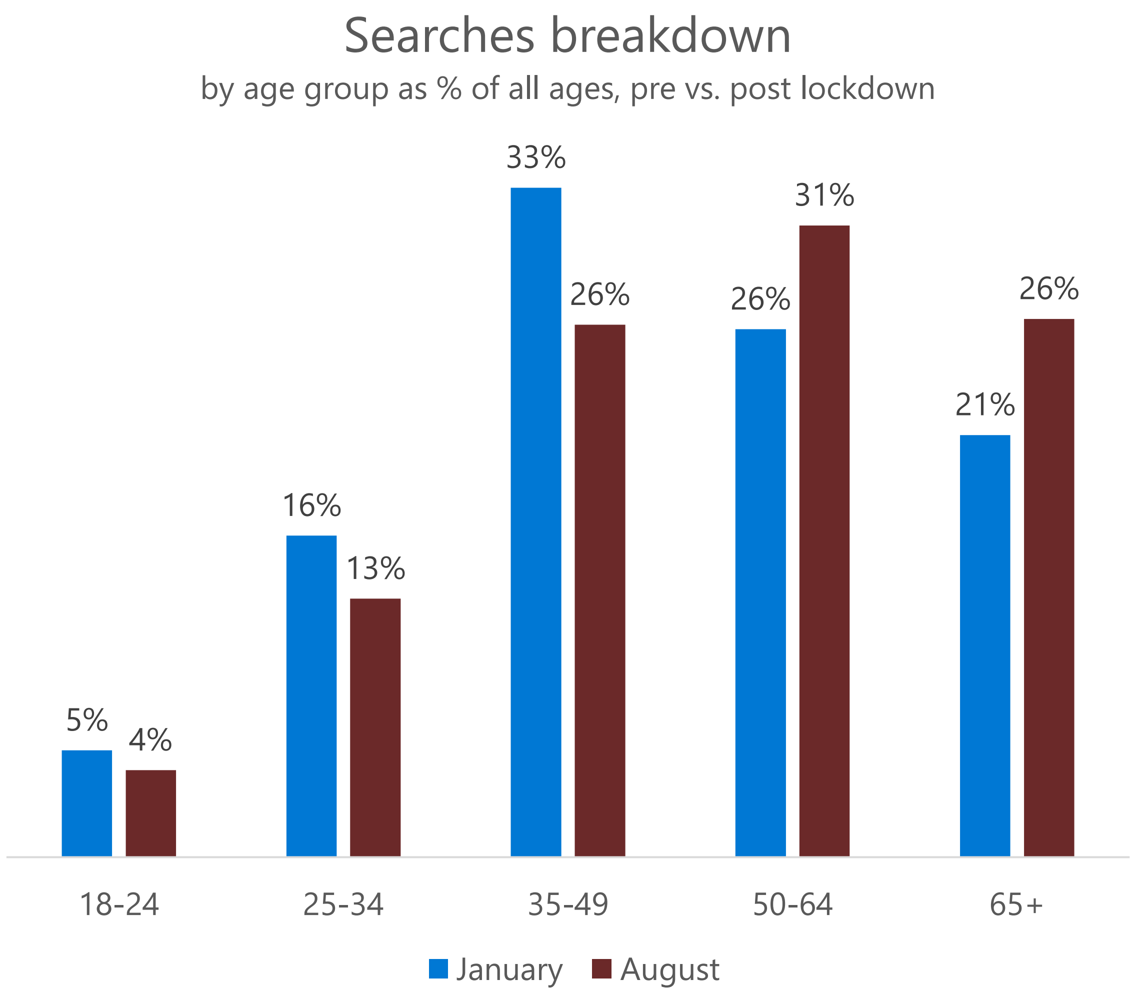
"no frills"[1] queries has seen good recovery throughout September*, marking renewed interest in economic, low fee/rate offerings

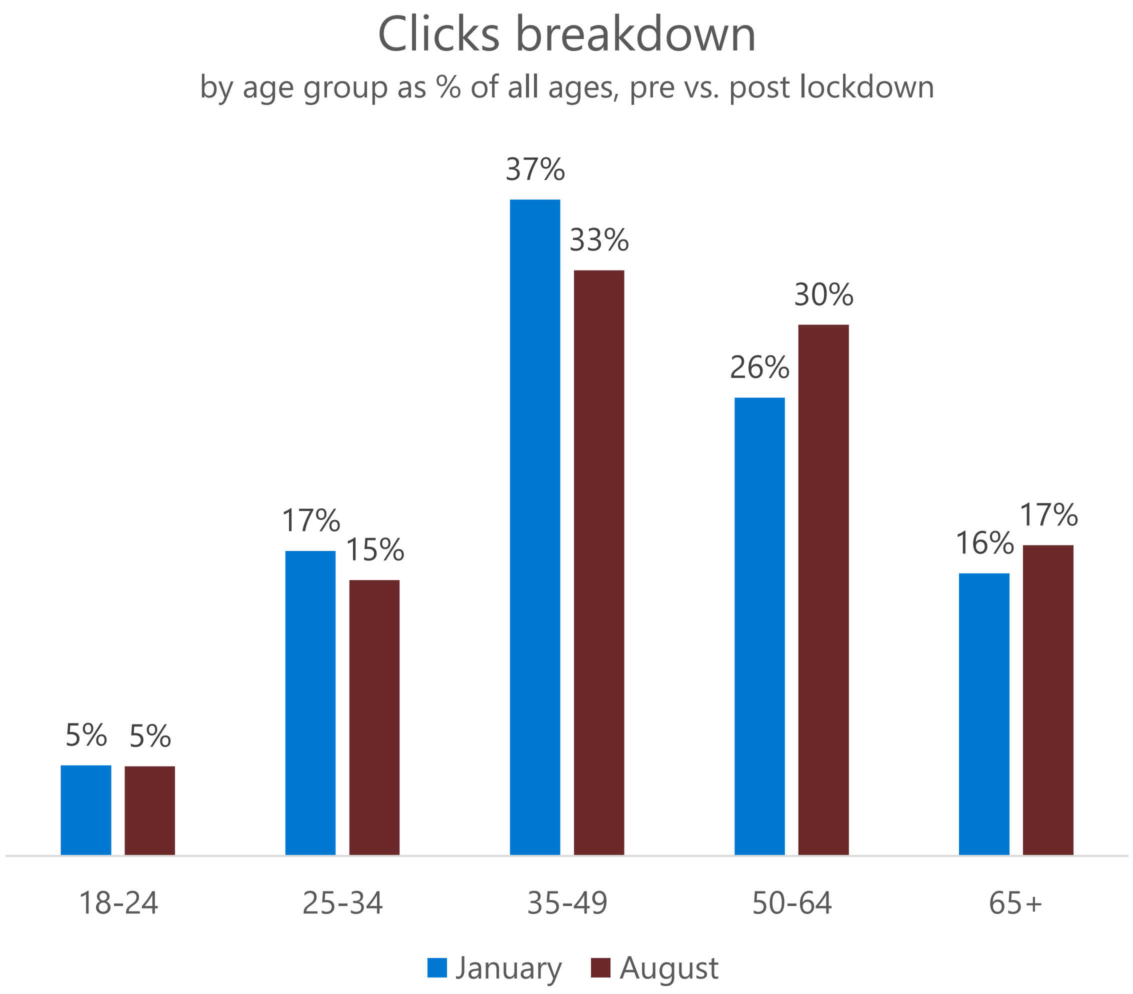


1. "No frills" refers to queries containing "interest free", "low interest rate", "no annual fee", "cheap", "no interest/fee", "low fee", etc.
2. Clicks indexed to volumes in April.
*Remaining September volumes were forecasted based on current September performance.
Data Source: Microsoft internal data | Credit Cards | Apr – Sep 2020 | Search volume | All Devices | O&O Core

DEMOGRAPHIC TRENDS

As a result of COVID-19 and lockdown, we have seen a shift in interest towards the older age groups, particularly for ages 50+

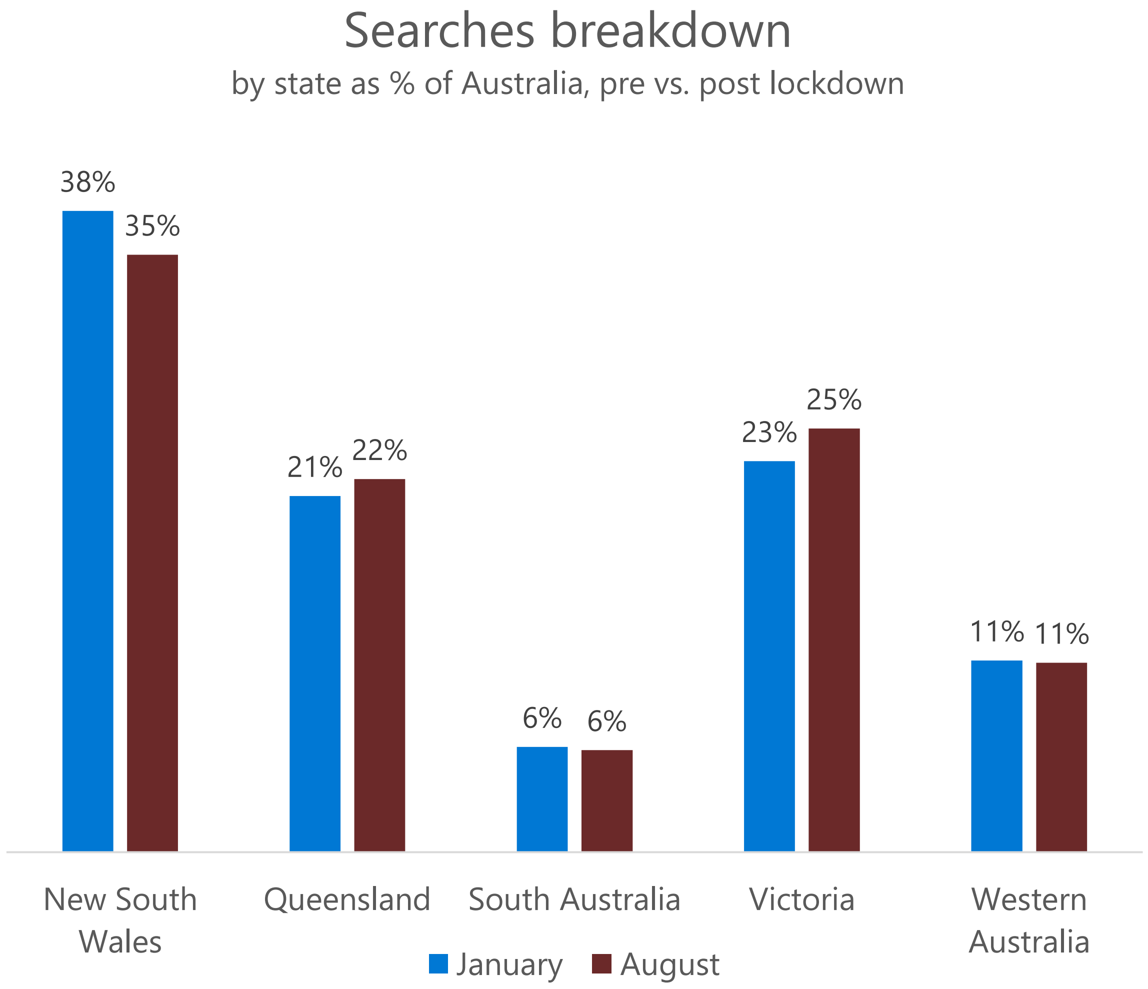


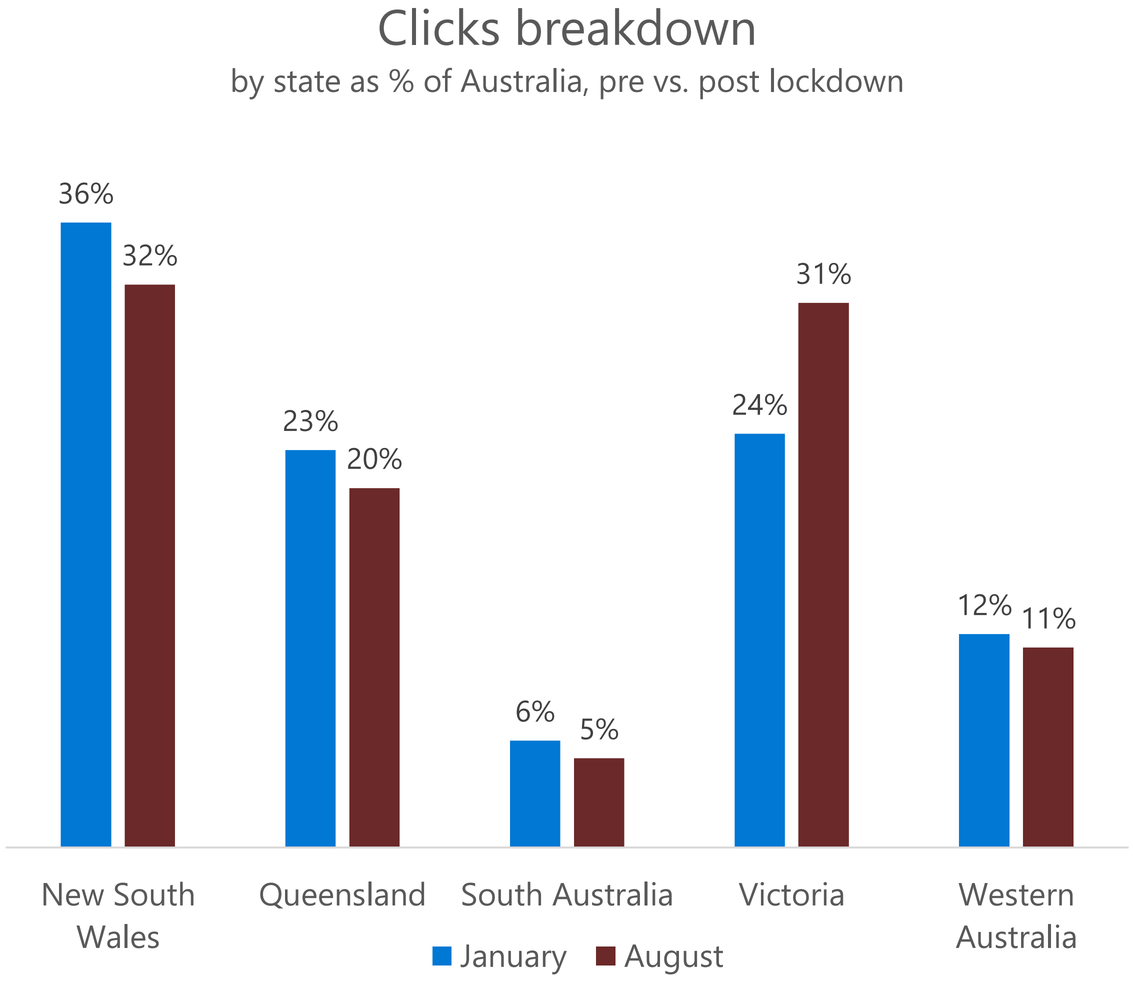


Data Source: Microsoft internal data | Credit Cards | Jan – Aug 2020 | Search volume | All Devices | O&O Core

DEMOGRAPHIC TRENDS

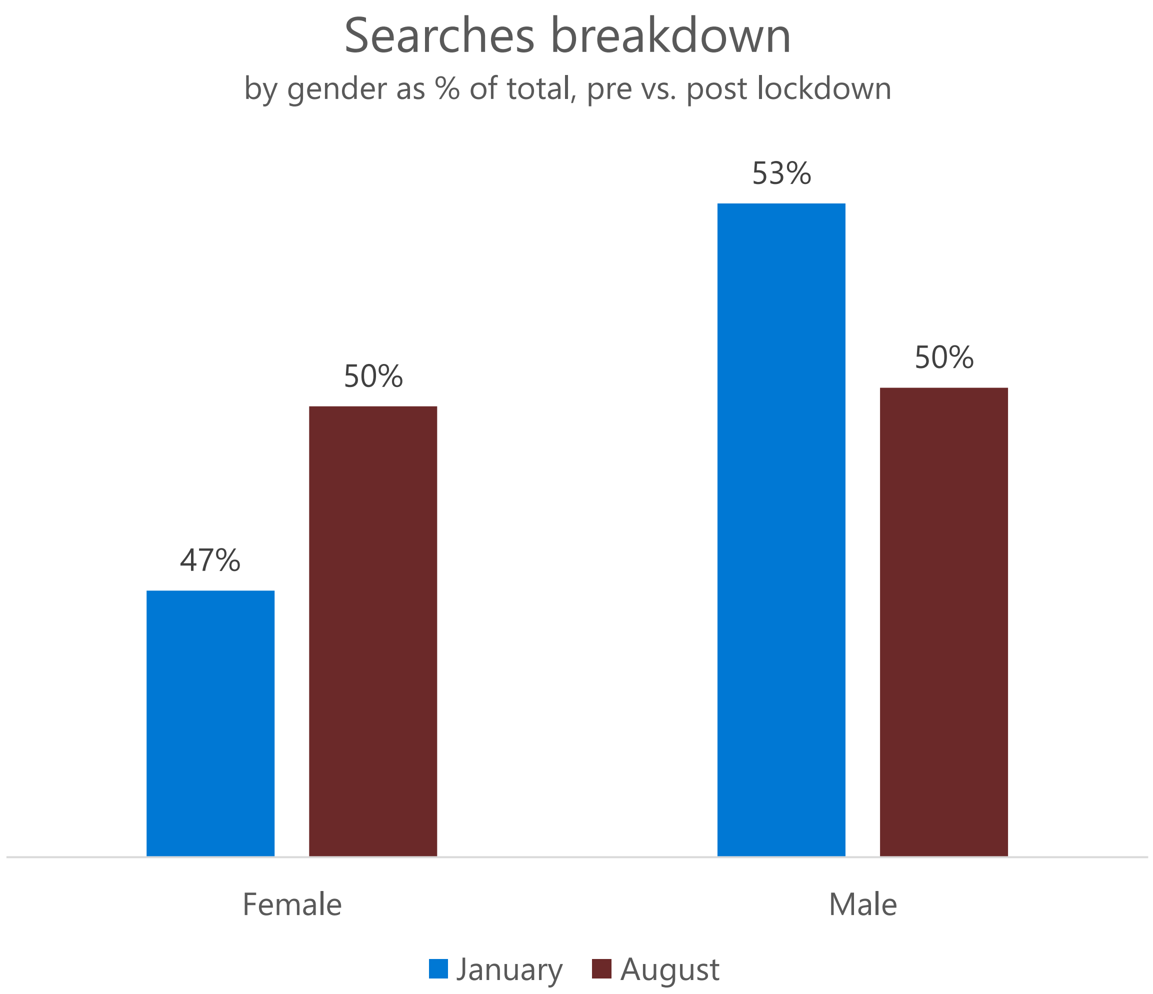
Victoria has seen a surge in clicks, rising in state click share to 31% in August

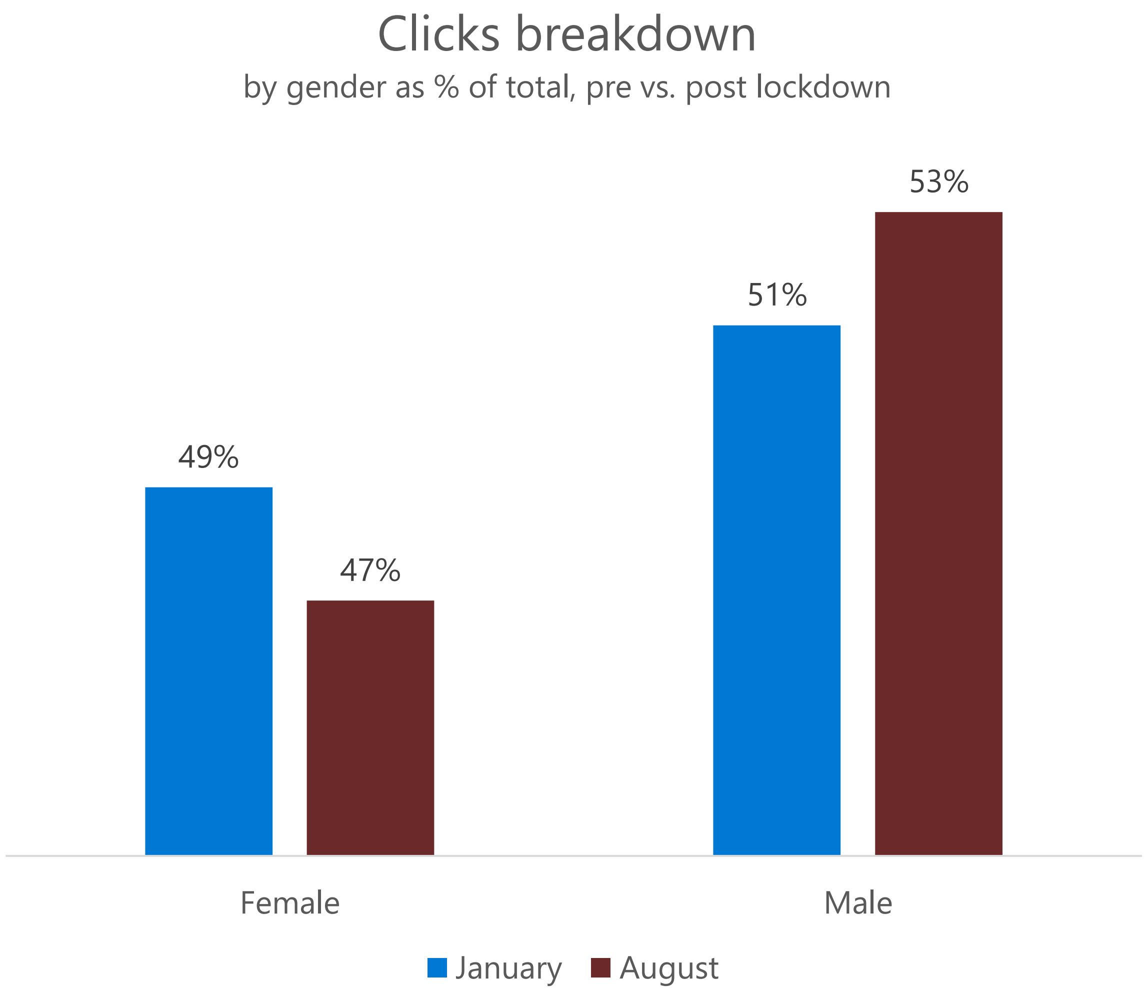




Data Source: Microsoft internal data | Credit Cards | Jan – Sep 2020 | Search volume | All Devices | O&O Core

On Credit Card searches, females have risen to an equal split with males, though clicks have skewed more towards males





Data Source: Microsoft internal data | Auto Insurance | Jan – Aug 2020 | Search volume | All Devices | O&O Core

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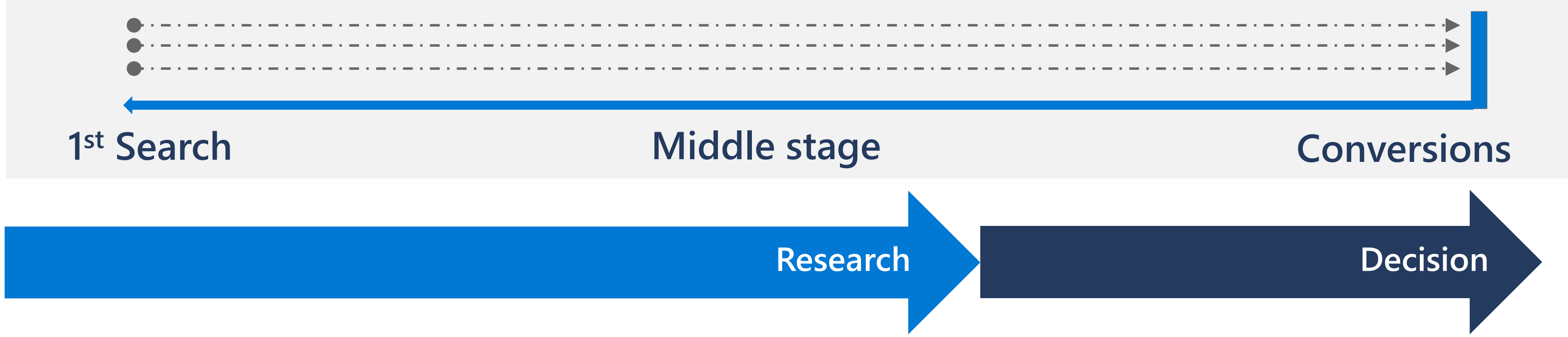
The user search journey

Introducing methodology and sample size

Methodology	Sample size
Query path analysis: 1. Trace back the search journey from the users' conversions on Microsoft Search Network. A journey is defined by the searches performed by a user before reaching a conversion. 2. Conversion data is based on Universal Event Tracking setup, and contains both paid and organic data	**Time range:** Journeys that began and ended within: May 1st – July 30th, 2020 **Number of searchers:** 6,200~ **Number of search queries captured:** 12,000~



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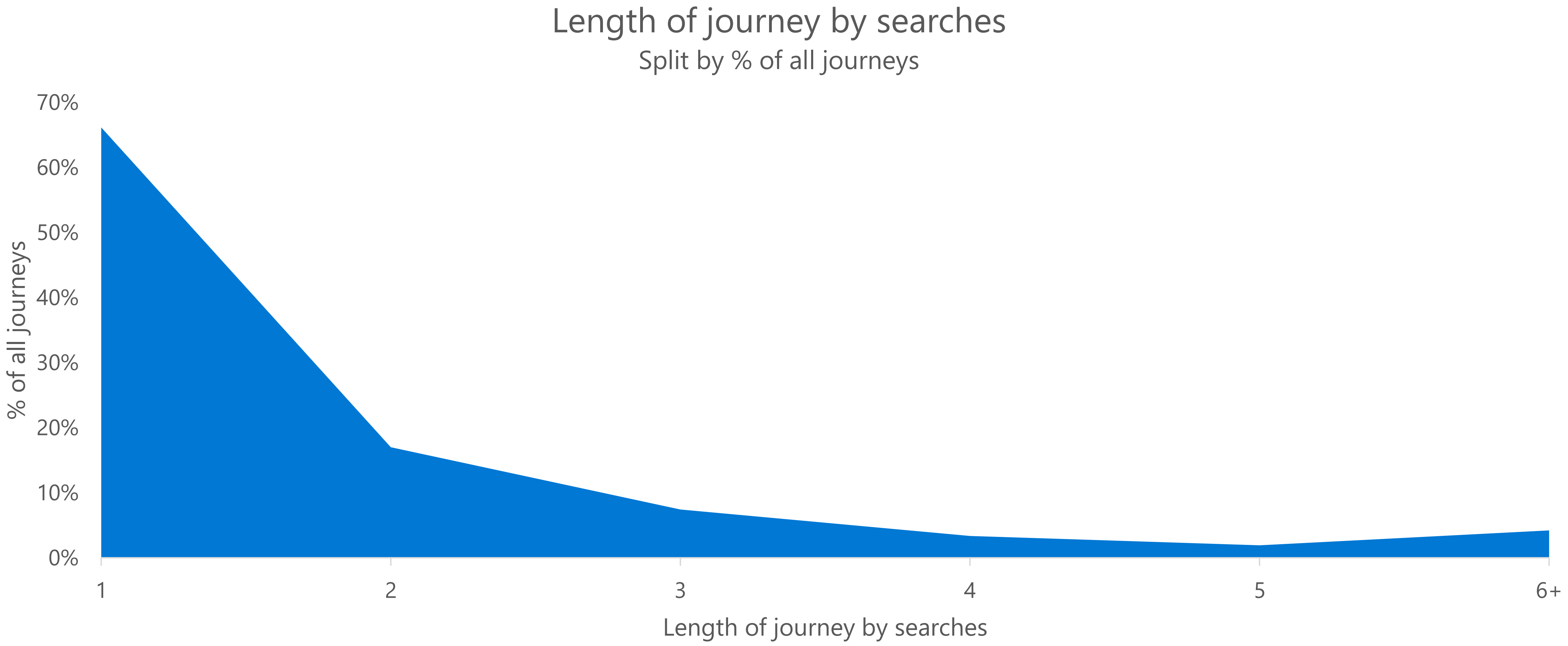
Over 2 in 3 of conversions happen after just 1 search

High prevalence of short journeys makes it critical to be in the auction when customers enter the purchase funnel



Data Source: Microsoft internal data | Query Path Analysis output | Credit Cards | May – Jul 2020 | Conversion and Search data | All Devices | Paid & Organic

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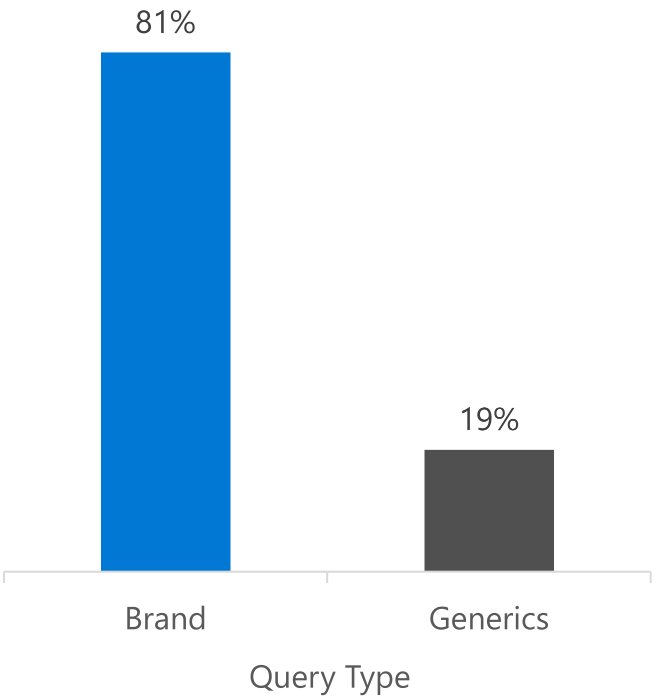
USER JOURNEY INSIGHTS

For single touchpoints, 4 out of 5 are brand queries, 2 in 5 users are within ages 35-49, and almost 3 in 5 users are male

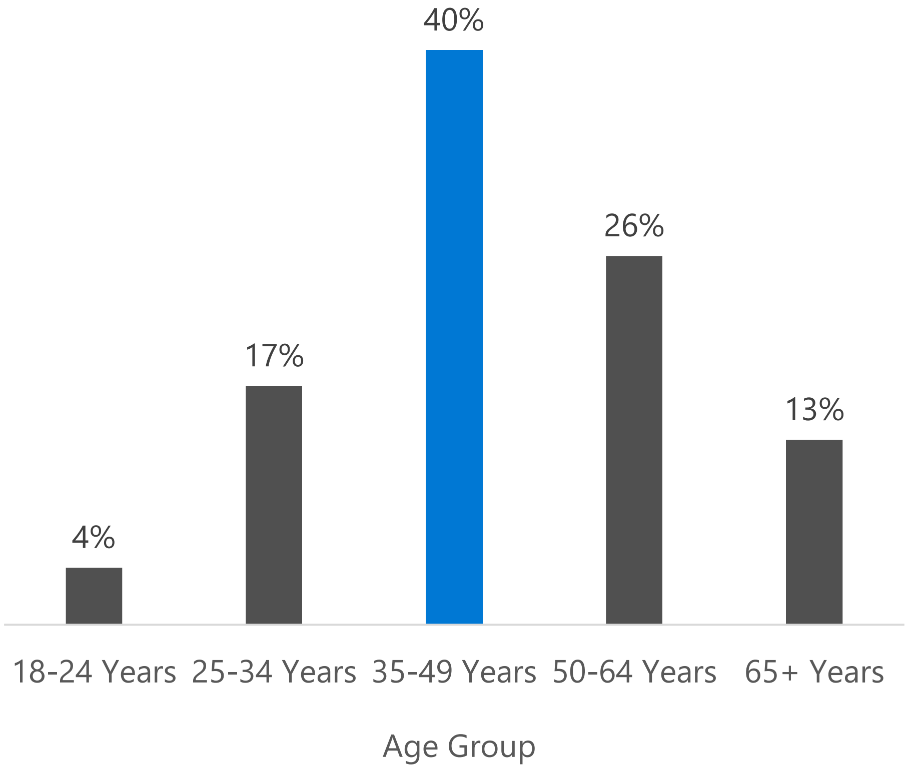
Brand/generic breakdown

as % of total



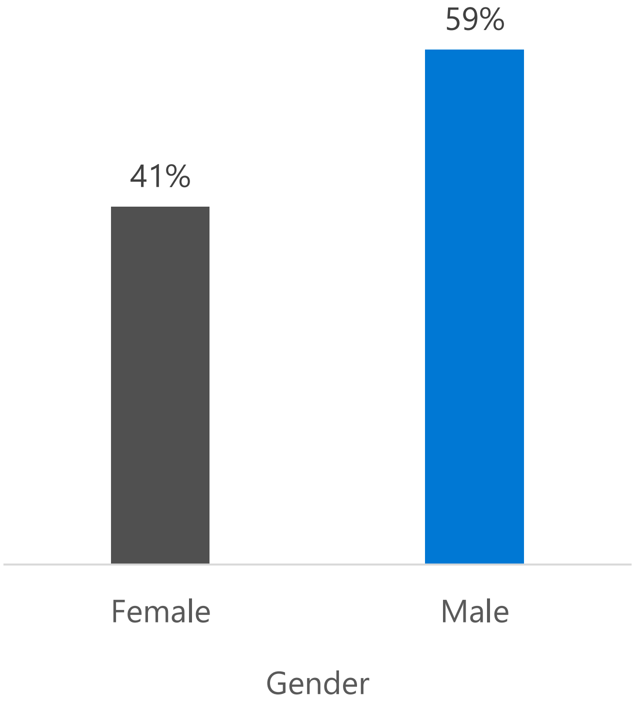
Age group breakdown

as % of all single touchpoint users



Gender breakdown

as % of all single touchpoint users



Data Source: Microsoft internal data | Query Path Analysis output | Credit Cards | May – Jul 2020 | Conversion and Search data | All Devices | Paid & Organic

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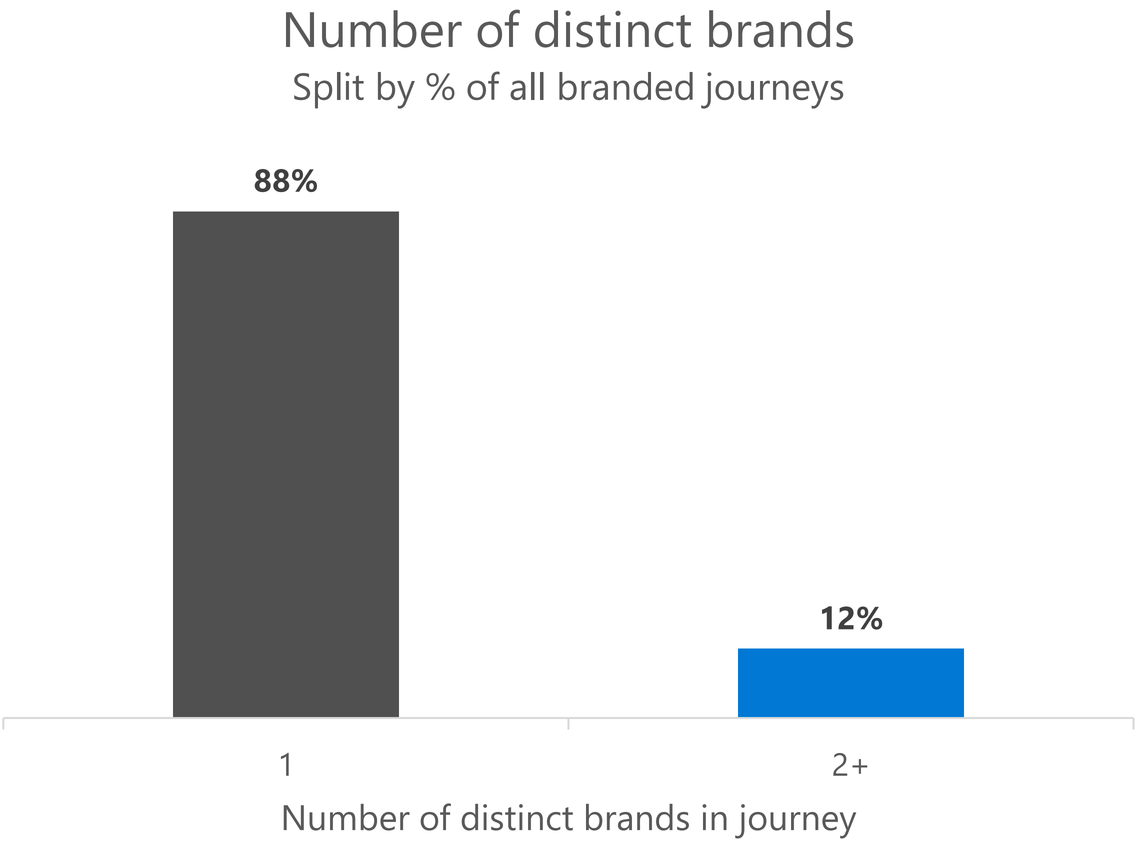
USER JOURNEY INSIGHTS

Users tend to stick to one distinct brand, but for those who consider more than 1 brand, 4 out of 5 times they convert on a different brand

Remarketing Audiences is crucial to ensure you don’t lose your customer



80%

of search journeys with at least two distinct brands convert on brands different to the initial brand

Data Source: Microsoft internal data | Query Path Analysis output | Credit Cards | May – Jul 2020 | Conversion and Search data | All Devices | Paid & Organic

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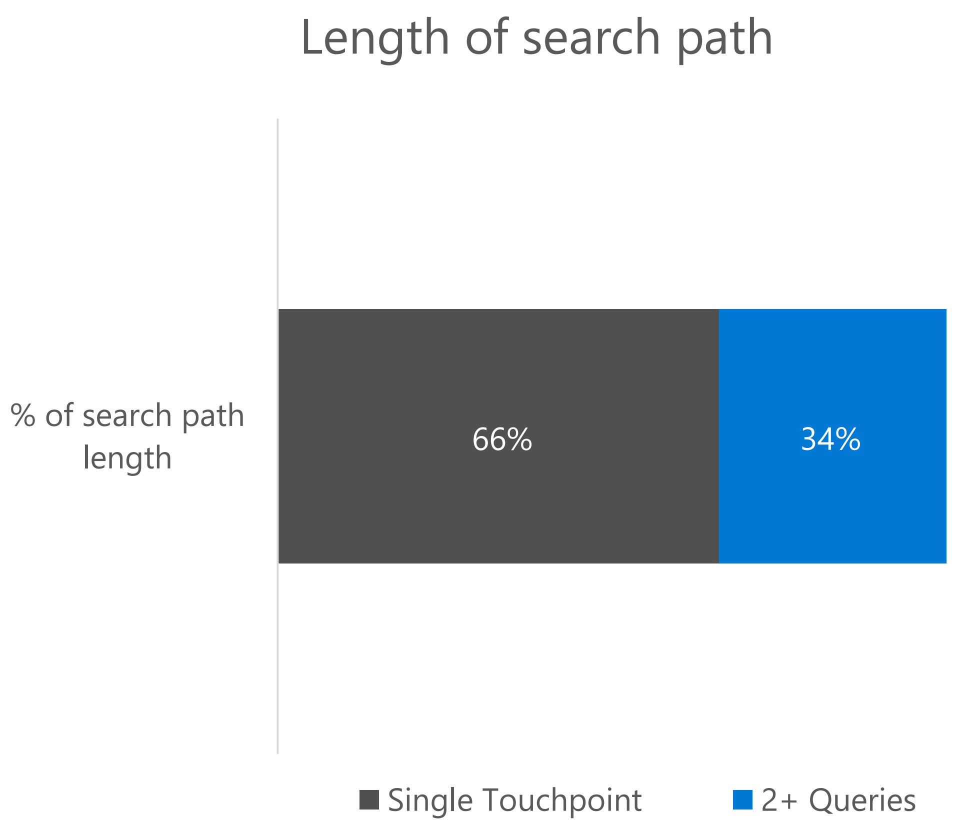
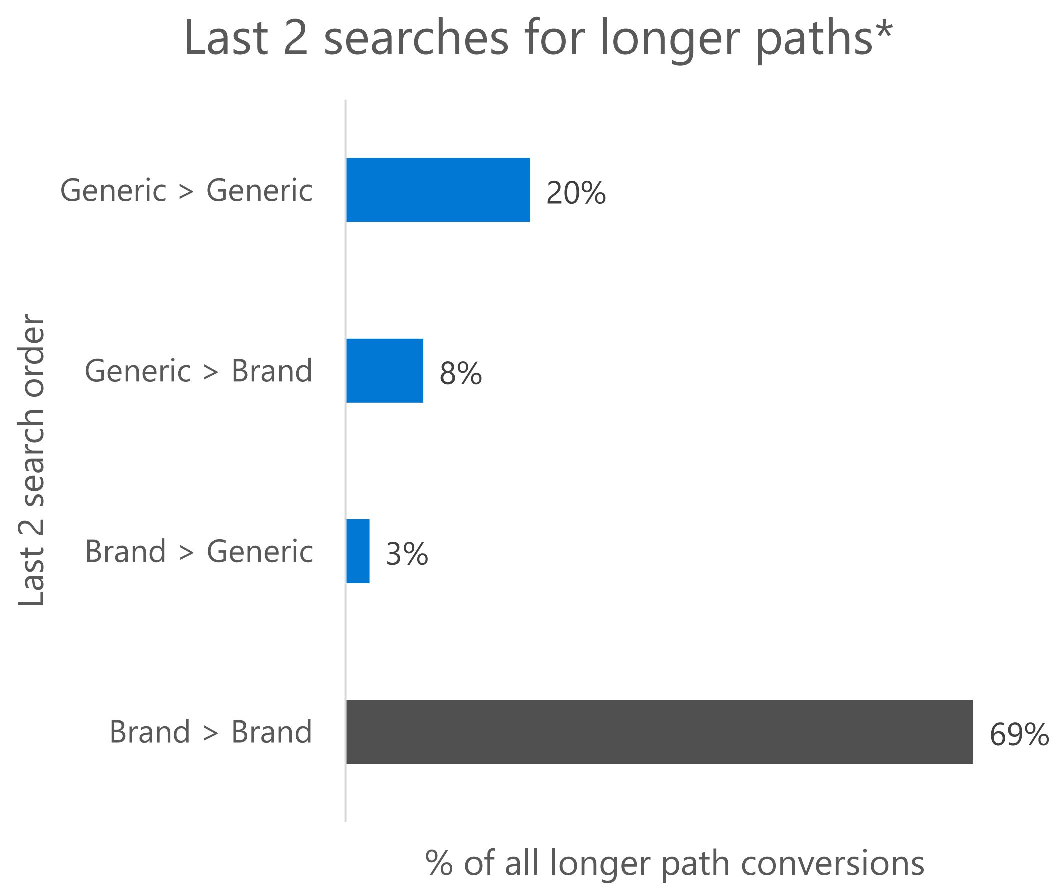
Generic searches play a key role towards the end of longer journeys

For the journeys that were longer than a single search, 3 in 10 conversions contained a generic query in the last 2 searches





Data Source: Microsoft internal data | Query Path Analysis output | Credit Cards | May – Jul 2020 | Conversion and Search data | All Devices | Paid & Organic

Key Takeaways

1. Ensure adequate investment as we approach the high volumes in the holiday shopping season
2. Where possible, tailor your ad copy to promote and highlight low fees and rewards programs
3. Fight for presence in the auction, as over 66% of user journeys convert within a single touchpoint

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